Sustainability

What sustainability means to us

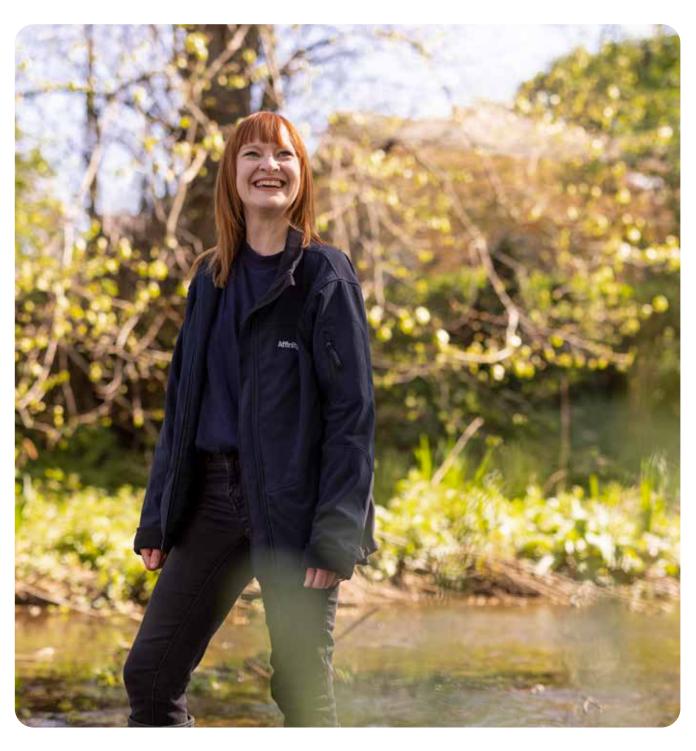
Minimum risk, maximise value

Our purpose is to provide high-quality drinking water and to take care of our environment, for our communities now and in the future. This is at the heart of what sustainability means to us and how we can add value to society.

To address sustainability within our business, we use the environmental, social and governance ('ESG') themes to understand both risk and the opportunity to add value.

We established our ESG initiative with two clear objectives:

- To manage ESG risk
- To demonstrate the multi-capital value of our business



ESG topics are our business topics, relevant to us all

Environment

Stewarding and protecting natural environment resources/assets



- Biodiversity and land management plans
- Pollution prevention
- Environmental Policy
- Energy efficiency programmes
- Solar energy generation
- · GHG reporting
- Net zero strategy
- Sustainable abstraction
- Water Resources Management Plan
- Waste reduction targets
- Water demand targets
- Climate change adaptation and resilience
- Supply chain and carbon accounting
- INNS scheme

Social

Our culture and engagement with employees, customers, communities and stakeholders



- Community partnerships
- Public value creation and volutary initiatives
- Affordability and cost of living social tariffs
- Community disputes (trust and transparency)
- Customer satisfaction
 (C-MeX)
- Employee engagement surveys
- Equality, diversity and inclusion commitments
- Wellbeing webinars
- Labour standards and working conditions
- Stakeholder relations
- H&S and wellbeing (employees, customers and communities)
- Affinity Days (employee volunteering)
- Charitable contributions

Governance



- Board composition and independence
- Committees composition and independence
- Code of Conduct and antibribery and corruption
- Data protection and privacy
- Cyber security
- Risk Framework
- Modern slavery and human trafficking
- Executive compensation
- Ethics and Compliance
 Panel
- Legal Panel
- Lobbying activities
- Whistleblower protection
- Procurement

Sustainability continued

Our local communities and environment are critical to us, but we also have an important role to play regionally and as part of the global water community.

Which is to take action and raise awareness on issues that affect us all, for example, the impacts of climate change, the need for energy and the need for a positive relationship with nature. We've chosen to reference the UN's Sustainability Goals within our reporting to reflect this broader sustainability context and our responsibility for being part of the solution.

To understand our value, we take a multi-capitals approach to our business; understanding the natural, human, social, manufactured, intellectual and financial assets in our business. You can find out more about our multi-capital approach on page 38.

This framework for sustainability enables alignment with Ofwat's Public Value Principles and underpins the culture of our business, how we plan, make decisions, treat our people, support and provide for our customers, and invest for a long-term sustainable supply of water.

VALUE CREATION, PRESERVATION OR EROSION OVER TIME

Inputs (Capitals)

Capitals are the inputs to our business that we transform through our decision-making process and operating activities into our strategic outcomes.



Financial



Manufactured



Intellectual



Human



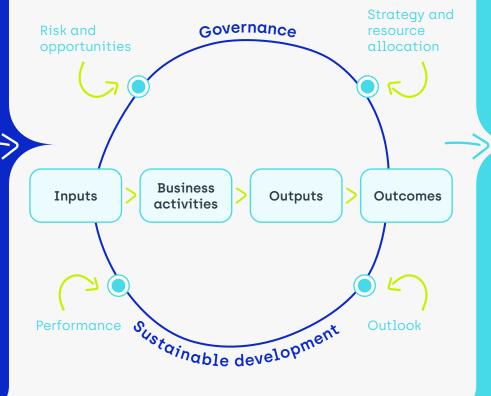
Social & Relationship



Natural

Purpose and vision

We supply high-quality drinking water and take care of our environment, for our communities now and in the future.





Financial capital – our financial health and efficiency



Manufactured capital - our above-ground and underground infrastructure e.g. pipes and offices



Natural capital – our environmental resources, both renewable and non-renewable e.g. water and biodiversity



Human capital - our people and their capabilities and wellbeing



Intellectual capital – our knowledge, intellectual property, patents, rights, and organisational systems and protocols



Social capital - our relationships with our customers and communities

Outputs (Capitals)

Positive and negative over the short, medium and long term.



Financial



Manufactured



Intellectual



Human



Social & Relationship



Natural

UN Sustainable Development Goals

Our outputs are aligned with the UN Sustainable Development Goals.





































































Sustainability continued

Our alignment to the UN SDGs

The United Nations SDGs ('UNSDGs') are a blueprint for achieving a better and more sustainable future for all. The 17 related goals address the global challenges we face, including those related to poverty, inequality, climate, environmental degradation, innovation and responsible consumption. However, there are nine UNSDGs where we believe our contribution is particularly aligned, and these influence our thinking.

To focus our priorities on the most-material issues for our stakeholders and business, we use a materiality assessment to understand what our customers and stakeholders expect and the potential opportunities for us to create value in that area



Our alignment

Promoting a culture of diversity and inclusivity throughout the workplace

Our Equality, Diversity and Inclusion Committee is tasked with understanding the challenges our industry faces, including gender equality. We have set long-term goals to ensure our employee diversity is representative of the communities we serve. Our gender pay report is published on our website: affinitywater.co.uk/corporate/reports-publications



Our alianment

Supplying quality water, working alongside sewerage companies regarding sanitation

We use the latest treatment technology and monitoring system to ensure a consistent supply of high-quality water to our customers, benefiting the wider communities and positively impacting our environment.



Our alignment

Ensuring employees are engaged, making Affinity Water a great place to work

Our culture and ways of working are based on five key principles which are embedded in everything we do. We want to ensure we are a responsible employer and are contributing to both our shareholder returns and providing wealth and income to the communities we serve and where our employees live.



Our alignment

Securing sustainable quality water and investing in our assets to supply to domestic and commercial customers

We continuously invest in our physical assets, both above and below ground, to ensure we have stable long-term assets available to continue to provide water to future generations.



Our alignment

Supporting vulnerable customers that need help paying their bill or accessing their water

We treat all memebers of our communities fairly and inclusively. providing a flexible service that can be used by all consumers equally, regardless of their health, age or personal circumstances.



Our alignment

Securing the long-term provision of sustainable water for all

Our Water Resources Management Plan identifies, over a 50-year period, how we will balance available supplies with required demand, to ensure a reliable water supply for future generations. Our WRMP is available on our website: affinitywater.co.uk/corporate/plans/water-resources-plan



Our alignment

Supplying quality water for all and protecting the environment $% \left(\mathbf{r}\right) =\left(\mathbf{r}\right)$

We are continuously adapting to the challenges that climate change poses to our industry as well as considering our own impact on climate change, by looking at ways we manage our natural capital.



Our alignment

Ensuring sustainable water sourcing and protecting the environment

We are working with stakeholders to address the environmental challenges of protecting our precious local rivers and habitats while encouraging behavioural change. We are reducing groundwater abstraction in order to leave more water in the environment to ensure we can meet future demand.



Our alignment

Increasing biodiversity and sustaining the environment

Our catchment management programme aims to make a positive impact on the environment by improving soil and water quality, capturing carbon, and managing flood risk.